

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6352-02  
Bill No.: HCS for HB 2139  
Subject: Motor Vehicles; Department of Revenue  
Type: Original  
Date: April 28, 2014

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Bill Summary: This proposal changes the laws regarding motor vehicles.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	\$0	\$7,296	\$10,481
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$7,296</b>	<b>\$10,481</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Highway Fund	\$1,100,000	\$1,100,000	\$1,100,000
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$1,100,000</b>	<b>\$1,100,000</b>	<b>\$1,100,000</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Department of Public Safety - Missouri State Highway Patrol** assume this proposal will have no fiscal impact on their agency.

### **§ 301.067**

According to officials from the **Department of Revenue - Motor Vehicle Bureau (DOR)** this section opens permanent trailer registrations to any trailer as defined in §301.010 and semi-trailers, at a fee of \$52.50, by deleting restrictions to only those trailers or semi-trailers which are operated coupled to a towing vehicle by a fifth wheel and kingpin assembly or by a trailer converter dolly.

This proposal appears to allow the permanent registration for all trailers. The current one and three year registration option in §301.067 will still be available, thus allowing for three options to trailer registration applicants.

### **Administrative Impact**

Procedures will need to be modified by a Management Analyst Specialist I requiring 40 hours at a cost of \$840 in FY15.

The DOR web site will need to be updated. This will require 10 hours for an Administrative Analyst III, at a cost of \$230 in FY15.

**Oversight** assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Due to permanent trailer plates being non-expiring there will be a cost reduction from the elimination of renewal notices that are currently mailed at the end of each year. This proposal would result in savings to DOR for the cost of postage (\$.224 for each renewal notice) and forms (\$.0224 per renewal notice).

There are currently 296,572 trailer registrations expiring in 2014 (FY15), 281,944 in 2015 (FY16), and 164,469 in 2016 (FY 17). Based on current statistics, 54% of trailer registrations are 1 year and 46% are 3 year.

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ASSUMPTION (continued)

DOR cannot determine how many applicants will switch to a permanent registration at renewal of their current 1 or 3 year registration; therefore, for purposes of this fiscal note, it is assumed 10% of all applicants will obtain a permanent registration at renewal time, thus eliminating the need for a renewal notice in subsequent years. For FY 16 there will be a savings of \$7,296 and in FY 17 \$10,481.

Revenue Impact

There are currently 296,572 trailer registrations expiring in 2014 (FY15), 281,944 in 2015 (FY16), and 164,469 in 2016 (FY 17). Based on current statistics 54% of trailer registrations are one year and 46% are three year.

DOR cannot determine how many applicants will obtain a permanent registration in lieu of a one or three year registration either at initial issuance or renewal; therefore, for purposes of this fiscal note, it is assumed 10% of all applicants will obtain a permanent registration.

The fee of \$52.50 will be charged for the issuance of permanent registrations resulting in the revenue estimate impact for permanent registrations vs. one and three-year registrations as shown below:

	<b>FY 15</b>	<b>FY 16</b>	<b>FY 17</b>
One year trailer plate	(\$120,112)	(\$172,582)	(\$150,488)
Three year trailer plate	(\$306,952)	(\$418,883)	(\$343,647)
Permanent plate	\$1,556,993	\$2,185,470	\$1,855,245
Increase to Highway Fund	<b>\$1,129,929</b>	<b>\$1,594,005</b>	<b>\$1,361,110</b>

Note: All three-year registrations collected in FY 15, FY 16, and FY 17 will not come up for renewal until after the scope of this fiscal note and therefore are not reflected.

The revenue impact indicated for the fiscal years within this fiscal note show an increase in overall highway collections. However, the term of this fiscal note does not address the long range implications when a trailer is registered for more than seven years.

If a trailer is registered permanently for more than seven years, there is a loss of \$7.50 every year

ASSUMPTION (continued)

thereafter. On the other hand, if the trailer is registered permanently and is only kept for three years, as an example, the highway collection will come out ahead.

It's unknown how the revenue impact will affect the fiscal years exceeding the scope of this note and is based on many variables.

**Oversight** was uncertain regarding the calculations used by DOR in calculating the advancement of the registration fees for years beyond FY 2015. Therefore, Oversight will assume the Highway Fund would experience approximately the same fiscal impact in FY 2016 and FY 2017 as it is estimated to in FY 2015.

**§301.227**

This section allows consumer protection for the citizens of this state and others by allowing the DOR to accurately carry forward brands designated on out-of-state titles. In addition, the repeal of subsection 9 of this section will require a title in order to scrap any vehicle. This may prevent vehicles over ten years old or older from being stolen and then subsequently scrapped.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
<b>GENERAL REVENUE</b>			
<u>Savings</u> - Department of Revenue - Reduction in costs for renewal notices	<u>\$0</u>	<u>\$7,296</u>	<u>\$10,481</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<u><b>\$0</b></u>	<u><b>\$7,296</b></u>	<u><b>\$10,481</b></u>
<b>HIGHWAY FUND</b>			
<u>Revenue</u> - Increase in plate income	<u>\$1,100,000</u>	<u>\$1,100,000</u>	<u>\$1,100,000</u>
<b>ESTIMATED NET EFFECT ON HIGHWAY FUND</b>	<u><b>\$1,100,000</b></u>	<u><b>\$1,100,000</b></u>	<u><b>\$1,100,000</b></u>

FISCAL IMPACT - Local Government

FY 2015  
(10 Mo.)

FY 2016

FY 2017

\$0

\$0

\$0

FISCAL IMPACT - Small Business

A small business will no longer have to renew a trailer registration if they choose to do a permanent trailer registration. License offices will lose processing fees due the reduction in volume.

FISCAL DESCRIPTION

**§301.067**

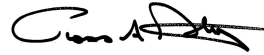
Currently, only a trailer as defined in §301.010 or semi-trailer which is operated coupled to a towing vehicle by a fifth wheel and kingpin assembly or by a trailer converter dolly may be registered permanently. This section repeals that provision and allows all trailers as defined in §301.010 or semi-trailers to be registered permanently.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue  
    Motor Vehicle Bureau  
Department of Public Safety  
    Missouri State Highway Patrol

Mickey Wilson, CPA  
Director  
April 28, 2014

A handwritten signature in black ink, appearing to read "Ross Strobe", with a stylized flourish at the end.

Ross Strobe  
Assistant Director  
April 28, 2014